

## **NOTICE TO THE MARKET**

### **Clarifications on CVM/Bovespa consultations**

#### *Clarification of news item*

To: The Brazilian Securities and Exchange Commission  
Corporate Oversight Department 2 (GEA-2)  
Corporate Relations Department (SEP)

Attn: Guilherme Rocha Lopes  
Manager

Re: Official Letter 249/2016-CVM/SEP/GEA-2

Estácio Participações S.A. ("Estácio" or "Company") - (BM&FBOVESPA: ESTC3; OTCQX: ECPCY) hereby responds to Official Letter 249/2016-CVM/SEP/GEA-2 ("Official Letter"), received on July 12, 2016, as follows:

*"Official Letter 249/2016-CVM/SEP/GEA-2*

*Rio de Janeiro, July 12, 2016.*

*To:*

*PEDRO THOMPSON LANDEIRA DE OLIVEIRA*

*Investor Relations Officer*

*ESTÁCIO PARTICIPAÇÕES S.A.*

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***Subject: Request for clarifications on news item published by the media***

*Dear Officer,*

1. We refer to the news item published on the website of the newspaper Valor Econômico, in the section "Empresas" (Companies), subsection "Educação e Saúde" (Education and Health), on July 11, 2016, entitled "Kroton and Estácio vão sugerir

'remédios' to Cade" (Kroton and Estácio to suggest remedies to Cade), which includes the following information:

(...)

Now, Kroton and Estácio will jointly take the transaction to Brazil's antitrust authority (Cade) together with a suggested list of remedies. The presentation is expected to take place by August 31. "It is a complex transaction, but I believe it will be approved by Cade. We are looking into various possibilities, not only the sale of UniSEB (a distance-learning institution), but various other remedies as well," declared the Chairman of Estácio's Board of Directors, João Cox. Cade is expected to recommend the sale of the distance-learning business, given that Kroton already retains 48% of this market.

(...)

According to Cox, in regard to the immediate period, an employee retention program has been created due to fears of a mass staff exodus during this initial Cade analysis phase, especially of people occupying strategic positions in Estácio.

(...)

2. In view of the above, we request that you affirm whether the information published in this news item is true (especially the highlighted excerpts), and if so, we request further clarifications on the matter, as well as the reasons why it was not deemed to be the subject of a Material Fact, pursuant to CVM Instruction 358/02.

3. **The Company's response should be sent via the IPE system, category: "Notice to the Market", type: "Clarifications on CVM/BOVESPA consultations" and should include a copy of this Official Letter.**

4. It is worth noting that, pursuant to Article 3 of CVM Instruction 358/02, the Investor Relations Officer is responsible for disclosing and informing any act or material fact related to the Company's business to the CVM and, if applicable, the stock exchange and entity responsible for the organized over-the-counter market in which the Company's securities are traded, as well as ensuring its wide and immediate dissemination, simultaneously in all markets in which said securities are traded.

5. We also remind you of the obligation in the sole paragraph of article 4 of CVM Instruction 358/02 to make inquiries of the Company's management and controlling shareholders in order to verify if they were aware of information that should have been disclosed to the market.

6. Finally, we draw the Company's attention to article 16 of CVM Instruction 480/09, according to which "the issuer will disclose information in a comprehensive, equitable and simultaneous manner to the entire market". With this in mind, OFFICIAL LETTER/CVM/SEP/Nº 02/2016 states that "corporate law does not prevent material information from being disclosed in meetings of professional associations, shareholders, investors, analysts or other selected persons in Brazil or abroad. However, in order to ensure equitable treatment for all market participants and prevent the possibility of the undue use of privileged information, it also requires that the material fact in question be disclosed previously to or simultaneously with said meeting to the entire market, as determined by the caput and paragraph 3 of article 3 of CVM Instruction 358/02". The same care should be taken in regard to declarations by members of the Company's management to the media, especially vehicles whose access is restricted to subscribers, in order to avoid any asymmetry in the information disclosed to the market, pursuant to the principle of informational equitability set forth in paragraph 3 of article 3 of CVM Instruction 358/02 and article 16 of CVM Instruction 480/09.

7. We further caution that, as determined by the Corporate Relations Department (SEP), in compliance with its legal duties and based on item II of Article 9 of Law 6385/76 and articles 7 and 9 of CVM Instruction 452/07, a punitive fine in the amount of one thousand reais (R\$1,000.00) will be applied, without prejudice to other administrative sanctions, in case of non-compliance with the requirements in this letter, sent by e-mail, within one (1) business day.

8. In case of doubts regarding this Official Letter, please contact Gustavo André Ramos Inúbia, analyst, via telephone (21) 3554-8501 or e-mail [ginubia@cvm.gov.br](mailto:ginubia@cvm.gov.br).

Sincerely,

*[Document signed electronically by Guilherme Rocha Lopes, Manager]*

In response to the Official Letter, Estácio hereby declares that, pursuant to the 'Protocol and Justification of Merger of Estácio Shares by Kroton' ("Protocol") disclosed on the websites of the BM&FBOVESPA and the Brazilian Securities and Exchange Commission, as well as the investor relations websites of Estácio and Kroton Educacional S.A. ("Companies") on July 8, 2016, and mentioned in the Material Fact disclosed by the Companies on the same date, it has been agreed that "The Companies will jointly submit the Transaction to CADE, preferably by

*August 31, 2016, said submission to be conducted diligently and jointly by the legal counsel appointed by the Companies. (...)"<sup>1</sup>.*

Recognizing also the necessity of divestment commitments (remedies) in order to obtain CADE's approval, given the complexity of the operation, the Protocol contains specific rules regarding this matter.

In this context, Estácio's management, with the help of its legal counsel, has been studying a number of remedies that may be proposed to CADE, always in common agreement with Kroton. These analyses include, clearly, the sale of distance-learning assets, among other possibilities. However, these studies have not yet been concluded, so we cannot say precisely which remedies will be presented to CADE.

It is also worth noting that Mr. Cox did not make the statement imputed to him, namely: *"We are looking into various possibilities, not only the sale of UniSEB (a distance-learning institution), but various other remedies as well," declared the Chairman of Estácio's Board of Directors, João Cox.* Neither Mr. Cox nor the Company made any declaration regarding *"the sale of UniSEB"* and/or any other specific company, said possibility having been raised and commented on by the market and the media in general.

Finally, we would like to make it clear that neither Mr. Cox nor the Company agree with the article's contention that there were fears *"of a mass staff exodus, especially of people occupying strategic positions in Estácio"*. The Company believes it will continue offering excellent opportunities for its employees and that the combination of its business with Kroton will make it even more attractive to them.

As is usual in transactions of this nature, the Protocol envisages specific mechanisms for retaining key personnel who may be subject to redundancy, but such individuals represent only a tiny fraction of Estácio's more-than-15,000-strong workforce.

Rio de Janeiro, July 13, 2016.

**Pedro Thompson**

Chief Financial and Investor Relations Officer

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<sup>1</sup> Item 6.1 of the Protocol.